

Information Request DTE-2-4

(a) Were there any instances in which certain BECo customers were placed on default service, but were later found to be eligible for standard offer service and were then transferred to standard offer service? If yes, were customers transferred from default service to standard offer service and refunded the difference between the default service price and the standard offer service price for the period of time they remained on default service? If there are settlements or judgments, please submit copies to the Department.

(b) If the answer to (a) is affirmative, please explain how the costs associated with this transfer were treated in regards to the reconciliation of standard offer and default service. What was the additional standard offer revenue as a result of these transactions? Please provide all calculations, schedules and working papers.

Response

a) Yes, certain customers placed on Default Service were later transferred to Standard Offer Service. Customers that were transferred from Default Service to Standard Offer Service were re-billed at the applicable Standard Offer Service rates, hence they received credits on their billing statements.

Attached are copies of the following settlements or judgments:

Attachment 1 Filing in Suffolk Superior Court, on January 14, 2002, including: (1) Joint Motion to Dismiss NSTAR, Inc.; (2) Amended Class Action Complaint; (3) Plaintiffs' Assented-To Motion for Preliminary Approval of Settlement Agreement; (4) Plaintiffs' Memorandum In Support of Motion for Preliminary Approval of Settlement Agreement; and (5) Stipulation and Agreement of Compromise and Settlement.

Attachment 2 Order Dismissing NSTAR, Inc., dated January 28, 2002.

Attachment 3 Order Allowing Motion for Preliminary Approval of Settlement Agreement, dated January 28, 2002.

Attachment 4 Order Certifying Class for Settlement, Granting Preliminary Approval of Settlement and Concerning Notice and Scheduling, dated January 28, 2002.

Attachment 5 Plaintiff's Motion for Final Approval of Settlement Agreement and Petition for Attorneys' Fees, dated May 20, 2002.

Attachment 6 Order Allowing Plaintiff's Motion for Final Approval of Settlement Agreement and Petition for Attorneys' Fees, dated June 3, 2002.

b) The adjustments to reflect the transfer are included in the revenue amounts shown on page 7 of the exhibits.

The revenues were adjusted through the normal billing process by adjusting individual customer bills to credit the difference between the amount that was charged under Default Service and the amount that should have been charged under Standard Offer Service. Customer credits were calculated by first canceling all affected bills that had electric usage recorded after November 30, 2001. That date was used because the prices for Standard Offer and Default Service were the same before December 1, 2001. To make the adjustment, NSTAR Electric changed the customer's supplier category from Default Service to Standard Offer Service. Then, using the customer's same account record, the accounts were rebilled applying the lower Standard Offer Service prices to the same billing electric quantities. The billing period and days involved are significant because the price for Default Service and Standard Offer Service can vary by month, as the rates changed from time to time. By keeping the same quantities and billing months, the precise bill difference could be computed. Thus, the credit was calculated as the difference between the Default Service price and the lower Standard Offer Service price, multiplied by the number of kWh over the billing period being corrected.

Credits were issued directly to each customer's account in the form of a cancelled bill transaction and a corrected re-billing transaction. Each customer was informed of the credit through a separate letter and also posted a bill message. The effect of the credits was to place revenues for Standard Offer Service and Default Service in the proper accounts, consistent with the adjusted bills of customers.

Wholesale costs associated with this transfer were treated as part of the normal month-end reconciliation and "settlement" process with ISO-NE and the wholesale supplier. Therefore, there are no specific calculations, schedules and working papers available.